



ممول من الاتحاد الأوروبي  
Funded by the European Union



## Workshop on Implementing Medium Term Budget Framework in Egypt (Part 2)

ورشة عمل: تطبيق الإطار الموازني متوسط المدى في مصر (الجزء الثاني)

*Summary Note*



26-27 September 2023

InterContinental City Stars - (Al Montaza Ballroom)

Cairo, Egypt

*Working language: English, with simultaneous Arabic Interpretation*

*لغة العمل: الإنجليزية، مع ترجمة فورية للغة العربية*



MENA - OECD  
Governance Programme

## Workshop on Implementing Medium Term Budget Framework in Egypt (Part 2)

Medium-term budgeting in Egypt starting 2025/2026 !

Building on the Ministry of Finance of Egypt's (MOF) efforts to implement a Medium-Term Budget Framework (MTBF) and previous capacity building activities under the EU funded project "Support to Enhanced Administrative and Public Economic Governance in Egypt", a second part of the MTBF workshop was conducted on 26 and 27 September 2023. The aim of the workshop was to identify the steps, processes, and needs to turn Egypt's envisioned framework into actual implementation starting 2025/2026 (in light of the draft executive regulations of PFM Law 6/2022, OECD good practices, as well as EU standards for medium-term budgeting).

The workshop was attended by representatives from all budget departments at MOF and relevant teams from key units, led by Mr. Mohamed Abdelfattah, Advisor to the Minister of Finance for Budgeting.



Egypt's efforts to plan and allocate resources for three years beyond the annual budget is an OECD and EU good practice. Though the design of Medium-term budget frameworks varies from one country to another depending on its needs and institutions, its potential benefit is the same across countries, namely: enhance policy planning, mitigate short term policy bias, link short term budgeting with medium term strategic planning, improve fiscal transparency and increase accountability of line ministries to stay within their agreed ceilings.

Towards this end, the workshop revolved around:

✓ The **detailed work cycle of MTBF preparation for Egypt**, next steps and division of roles inside MOF and within the larger Government.

✓ **Analysis of expected challenges during the first phase of implementation in Egypt and existing strengths to leverage.**

✓ Presentation by the Macro-Fiscal Policy Unit on **current forecasting practices, capacities and challenges.**

✓ **Common guidelines of medium-term fiscal forecasting as per OECD #goodpractices.**



- ✓ **Practical example:** Identifying potential cost drivers, assumptions and foundations for the implementation of medium-term budgeting for the Ministry of Education.
- ✓ **Hypothetical scenarios for fiscal policy changes and how to reflect them in the MTBF**



Some of the key takeaways from the discussions include:

- **MTBF is not enough in itself** and will not yield desired outcomes if it is not complemented with other key PFM reforms, such as performance budgeting, regular spending reviews and empowerment of public understanding.
- Countries that adopted a **simple approach** at the early stages of implementation have shown better and more sustainable results. Continuous capacity building will be key for reform sustainability.
- There is **no unique costing methodology** across countries. Egypt can come up with its own methodology based on its policies, laws and regulations. Even in OECD countries, costing is not an exact science.
- One of the key expected challenges for Egypt will be the forecast of expenditures in light of **historically high domestic inflation**. Coming up with different scenarios (optimistic, likely, pessimistic) could help mitigate this challenge.
- **Fiscal forecasting capacity already exists at MOF's Macro-Fiscal Policy Unit** and will need to be leveraged at the early stages of implementation.



Strengthening Egypt's Medium-Term budget framework and its implementation process aligns with this project's overall objective of supporting effective and efficient execution of robust public finance systems. With the aim of linking theory and practice to frameworks, workshop discussions were based on the Consolidated Public Finance Law (6/2022) and its draft executive regulations; Medium Term Revenue Strategy (MTRS); as well as the Constitution and the Government medium term Program. These objectives respond to the EU-Egypt Partnership Priorities 2021-2027 on cooperating closely and advancing Egypt's socio-economic goals, and sustainable development, equally in line with [#EgyptVision2030](#).

